

May 15, 2006

Commonwealth Edison Company ("ComEd") submits these comments in response to Staff's May 5, 2005 request for an indication of preferred definitions of "retail competition" as offered by the parties.

The suggested revisions offered by the Ameren utilities, the Citizens Utility Board and City of Chicago ("CUB/City"), the Coalition of Energy Suppliers ("CES"), the Illinois Industrial Energy Consumers ("IIEC"), and Sempra Energy Solutions ("Sempra") were all useful in discerning the focus, concerns and interests of the participants in this workshop process. However, as noted in our response to Staff's April 5, 2005 Notice of Workshop Process, ComEd believes that focusing on a relatively simple and basic definition of retail competition as a starting point would be most appropriate in light of the stated purposes of this workshop process (*see* Docket No. 05-0159, Order at 154) and would be more conducive to an effective workshop process. To this end, ComEd offered what it believes to be a reasonably neutral definition, one that is in keeping with the realities of the Illinois marketplace and basic economic principles.

Many of the suggested modifications offered by the parties to Staff's definition concerning such issues as protection of consumers "by vigorous price competition" and utility affiliated suppliers (CUB/City); measurement of competitiveness, market power and customer access to information (IIEC); product or service "innovation," "barriers" to competition and the role of "regulatory oversight" (CES) are indeed important issues in their own right. However, many of these issues would be more appropriately raised as topics (or subtopics) for further consideration during phase two of this workshop process, while others could be described as end-state goals for competition – not "competition" itself. Moreover, ComEd does not believe it would be productive to define competition "in the affirmative (by its characteristics) or by the negative (by its barriers)," as Sempra asserts, because such an approach will lead inevitably to counterproductive debate over opinion and expectation-laden issues that may be of no relevance to the specific topics ultimately discussed during phase two and forestall, if not taint, such discussions for the participants. Rather, the definition adopted for workshop purposes should reflect the essence of retail competition, nothing more and nothing less.

Although ComEd prefers its definition as a starting point, it notes that some of the other commenters have offered definitions that, in whole or in part, are also simple and straightforward. Ameren's definition, as well as the definitions offered by CES, CUB and Sempra, when stripped of the explanatory narratives consistent with the comments above, are similar to the starting point proposed by ComEd. (Edited versions of these definitions with the explanatory narrative removed are shown below). Thus ComEd suggests that as another

starting point, the definitions set out below might be grouped and used as the focal point for the next workshop discussion on the definition of retail competition. Through discussion of the similarities and differences in these relatively simple definitions, some level of consensus may emerge:

ComEd:

Retail Competition: The exposure and response of retail electric customers to reasonably efficient price and/or non-price signals associated with services offered by utilities, retail electric suppliers (“RESs”) or other sources of substitute or complementary products or services.”

CES (edited per above):

Retail Competition: Retail competition is characterized by the ability of consumers to choose from multiple alternatives with varying value propositions to best suit their needs.

CUB/City (edited per above):

Retail Competition: The ability of retail electric customers to choose whether to purchase their electricity supply from either the local electric utility or from retail electric suppliers (“RESs”).¹

Sempra (edited per above):

Retail Competition: The ability of retail electric customers to choose whether to purchase energy-related products and services from many retail electric service suppliers.

Ameren:

Retail Competition: The ability of retail electric customers to choose between different electric supply options from either the local electric utility or from a retail electric supplier (“RES”).²

¹ The term “alternative retail electric suppliers” has also been changed to “retail electric suppliers” consistent with ComEd’s April 21, 2006 comments.

² The term “alternative retail electric supplier” has also been changed to “retail electric supplier” consistent with ComEd’s April 21, 2006 comments.